



General Assembly

February Session, 2006

Raised Bill No. 5632

LCO No. 2428

02428_____GAE

Referred to Committee on Government Administration and Elections

Introduced by:
(GAE)

***AN ACT CONCERNING DIVESTMENT OF STATE FUNDS INVESTED
IN COMPANIES DOING BUSINESS IN SUDAN.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) For the purposes of this
2 section, section 2 of this act and subsection (a) of section 3-37 of the
3 general statutes, as amended by this act:

4 (1) "Company" means any corporation, utility, partnership, joint
5 venture, franchisor, franchisee, trust, entity investment vehicle,
6 financial institution or its wholly-owned subsidiary;

7 (2) "Doing business" means maintaining equipment, facilities,
8 personnel or other apparatus of business or commerce in Sudan,
9 including, but not limited to, ownership of real or personal property in
10 Sudan, or engaging in any business activity with the government of
11 Sudan;

12 (3) "Invest" means the commitment of funds or other assets to a
13 company, including, but not limited to, the ownership or control of a
14 share or interest in the company, the ownership or control of a bond or

15 other debt instrument by a company; and

16 (4) "Sudan" means the Republic of Sudan, including its government,
17 and any of its agencies, instrumentalities or political subdivisions.

18 Sec. 2. (NEW) (*Effective from passage*) (a) The State Treasurer shall
19 review the major investment holdings of the state for the purpose of
20 determining the extent to which state funds are invested in companies
21 doing business in Sudan. Whenever feasible and consistent with the
22 fiduciary duties of the Treasurer, the Treasurer shall encourage
23 companies in which state funds are invested and that are doing
24 business in Sudan, as identified by the United States Department of
25 Treasury's Office of Foreign Assets Control or the Treasurer, to act
26 responsibly and not take actions that promote or otherwise enable
27 human rights violations in Sudan.

28 (b) The State Treasurer may divest, decide to not further invest state
29 funds or not enter into any future investment (1) in any company
30 doing business in Sudan, or (2) in any security or instrument issued by
31 Sudan. In determining whether to divest state funds in accordance
32 with the provisions of this subsection, the factors which the Treasurer
33 shall consider shall include, but not be limited to, the following: (A)
34 Revenues paid by such company directly to the government of Sudan,
35 (B) whether such company supplies infrastructure or resources used
36 by the government of Sudan to implement its policies of genocide in
37 Darfur or other regions of Sudan, (C) whether such company
38 knowingly obstructs lawful inquiries into its operations and
39 investments in Sudan, (D) whether such company attempts to
40 circumvent any applicable sanctions of the United States, (E) the extent
41 of any humanitarian activities undertaken by such company in Sudan,
42 (F) whether such company is engaged solely in the provision of goods
43 and services intended to relieve human suffering, or to promote
44 welfare, health, education, religious or spiritual activities, (F) whether
45 such company is authorized by the federal government of the United
46 States to do business in Sudan, (G) evidence that such company has

47 engaged the government of Sudan to cease its abuses in Darfur or
48 other regions in Sudan, (H) whether such company is engaged solely
49 in journalistic activities, and (I) any other factor that the Treasurer
50 deems prudent. In the event that the Treasurer determines that
51 divestment of state funds is warranted from a company in which state
52 funds are invested due to such company doing business in Sudan, the
53 Treasurer shall give notice to such company that such funds shall be
54 divested from such company for as long as such company does
55 business in Sudan.

56 (c) The State Treasurer shall, at least once per fiscal year, provide
57 reports to the Investment Advisory Council on actions taken by the
58 Treasurer pursuant to the provisions of this section.

59 (d) In the event that the President of the United States rescinds or
60 repeals Executive Order 13067 the provisions of this section shall no
61 longer be effective.

62 Sec. 3. Subsection (a) of section 3-37 of the general statutes is
63 repealed and the following is substituted in lieu thereof (*Effective from*
64 *passage*):

65 (a) The Treasurer shall, annually, on or before [October fifteenth]
66 December thirty-first, submit a final audited report to the Governor
67 and a copy of such report to the Investment Advisory Council, which
68 shall include the following information concerning the activities of the
69 office of the State Treasurer for the immediately preceding fiscal year
70 ending June thirtieth: (1) Complete financial statements and
71 accompanying footnotes for the combined investment funds prepared
72 in accordance with generally accepted accounting principles, which
73 financial statements shall be audited in accordance with generally
74 accepted auditing standards and supplementary schedules depicting
75 the interests of the component retirement plans and trust funds; (2)
76 complete financial statements and accompanying footnotes for the
77 Short Term Investment Fund prepared in accordance with generally
78 accepted accounting principles and supplementary schedules listing all

79 assets held by the Short Term Investment Fund; (3) a discussion and
80 review of the performance of the combined investment funds and
81 Short Term Investment Fund for such fiscal year in accordance with
82 recognized and appropriate performance presentation and disclosure,
83 including an analysis of the return earned by the portfolio and each
84 combined investment fund as well as the risk profile of the portfolio
85 and each combined investment fund according to investment industry
86 standards; (4) the activities and transactions in such reasonable detail
87 as is appropriate of the cash management division including
88 information on the state's cash receipts and disbursements for the fiscal
89 year, and the debt management division including the financial
90 statements of the tax-exempt proceeds fund prepared in accordance
91 with generally accepted accounting principles; (5) financial statements
92 and accompanying footnotes as well as a summary of operating results
93 for the Second Injury Fund for such fiscal year; (6) a financial summary
94 and report on the activities of the state's unclaimed property program
95 for such fiscal year; (7) a listing of the companies from which state
96 funds were divested based upon such company's business in Sudan,
97 pursuant to the provisions of section 2 of this act, and any companies
98 identified by the Treasurer as companies from which investment of
99 state funds has been declared impermissible by the Treasurer,
100 pursuant to the provisions of section 2 of this act; and [(7)] (8) such
101 other information as the Treasurer deems of interest to the public.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	3-37(a)

Statement of Purpose:

To enable the State Treasurer to divest state funds invested in companies doing business in Sudan.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]